



# COMMISSION NEWS

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ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

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TO: EDITORS, NEWS DIRECTORS  
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## **JURY FINDS DEFENDANT GUILTY ON 39 COUNTS IN MINING SCAM**

A jury found James Ashpole, 59, of Peoria, Arizona, guilty on 39 counts of fraud schemes, theft, sale of unregistered securities and conducting an illegal enterprise, after a two week trial that ended Friday in Maricopa County Superior Court.

Ashpole had sold stock in his gold mining company, Black Diamond Mining, to at least 33 investors, mostly Arizona citizens, throughout 1997. The Corporation Commission issued an Order to Cease and Desist sales of the stock in September 1997. After additional investigation revealed continued stock sales, the state attorney general's office, with assistance from the Arizona Corporation Commission, indicted Ashpole in February 1998. Ashpole was free on bond when he was arrested in September 1998 in the act of soliciting more money for stock, after which he was jailed and held on a "no-bond" status pending the recent trial.

Investors, who gave Ashpole more than \$150,000, testified that Ashpole gave them information claiming he owned a \$35 million dollar property south of Humboldt, Arizona (between Prescott and Interstate 17) with neighboring mines already producing high quantities of gold. Ashpole also gave them evaluations from purported mining engineers estimating \$250 million in gold reserves on his property, known as the Lelan-Dividend mine. Ashpole told investors that the stock was poised to go public on NASDAQ in a few weeks. At trial, however, the state's experts,

including one of Ashpole's own hired geologists, testified that the property had produced no economical quantities of gold in recent test samples. In addition, the project manager from the neighboring mine testified that his company had cemented shut their mine in 1993 after a 3-year run failed to produce consistent profits. A NASDAQ official provided evidence that Ashpole's company would not have qualified for listing on that exchange, and that no application had ever been received. Further, the state provided evidence that Ashpole had used over half of the investor money for personal use, and had used most of the remaining funds to hire salesmen to telemarket the stock.

Sentencing is set for April 23 at 1:30 p.m. in front of Superior Court judge David Cole.

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